

Message Text

CONFIDENTIAL

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ACTION EA-06

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5867

C O N F I D E N T I A L JAKARTA 9874

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LIMDIS

E.O. 11652: GDS

TAGS: ENRG, EFIN

SUBJECT: PERTAMINA'S LEASED TANKERS

REF: STATE 183358

1. INFORMATION DEVELOPED HERE CORROBORATES REPORT OF FORMER AMBASSADOR GALBARAITH ABOUT GOI REFUSAL PAY TANKER SHIPOWNERS ON BASIS CURRENT CONTRACT TERMS. AS REFTEL NOTES, GOI HAS APPARENTLY REJECTED ADVICE OF NEW YORK LAW FIRM, BURKE AND PARSONS, AS WELL AS GUIDANCE OFFERED BY LONDON SHIPBROKERAGE COMPANY (HOWARD HODDER AND CO.) WHICH WAS CALLED IN LAST DECEMBER BY MINISTER OF TRADE RADIUS PRAWIRO. LONDON FIRM WAS GIVEN ACCESS TO MANY, BUT NOT ALL, OF PERTAMINA'S TANKER CONTACTS AND WAS ASKED TO ADVISE ON WAYS GOI COULD TERMINATE CONTRACTS. ACCORDING TO SOURCE IN BRITISH EMBASSY, REPRESENTATIVE OF LONDON BROKERS WHO LOOKED AT CONTRACTS REPORTEDLY CALLED THEM "BEST LEGALIZED CONFIDENCE TRICK OF HIS EXPERIENCE."

2. RECENT CONVERSATION BETWEEN EMBOFFS AND MINES MINISTER SADLI CONFIRMS GOI HAS OPTED NOT REPEAT NOT TO PAY OFF LEGAL SUITS. MINISTER ACKNOWLEDGED SUITS BUT HE SAID TO EMBOFFS "ONCE WE START PAYING, WE JUST GET MORE SUITS." HE INDICATED THAT GOI WOULD SEEK TO RENEGOTIATE FOR MORE FAVORABLE TERMS. (FYI: WE CONFIDENTIAL

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UNDERSTAND VIA UNCONFIRMED REPORT THAT LEGWL

ACTION JULY 21 (REFTEL) WAS FILED BY BRUCE RAPPAPORT
OF INTERMARITIME OF GENEVA. CAN DEPARTMENT CONFIRM? END FYI.)

3. IN APPARENT EFFORT BUILD STRONGER NEGOTIATING
POSITION, GOI HAS GATHERED EVIDENCE INDICATING THAT
CONTRACTS IN QUESTION WERE NEGOTIATED ON STRENGTH OF
EX-PERTAMINA PRESIDENT GEN. IBNU'S SIGNATURE ALONE
WITHOUT CLEARANCE FROM PETTAMINA BOARD OF COMMISSIONERS
OR GOVERNMENT. MINISTER OF STATE AND VICE CHAIRMAN
BAPPENAS SUMARLIN RECENTLY TOLD BRITISH AMBASSADOR
THAT THESE CONTRACTS WERE "ILLEGAL" BECAUSE THEY HAD
NEVER BEEN APPROVED BY PERTAMINA BOARD OF COMMISSIONERS.
EMBASSY HAS OBTAINED CONFIDENTIAL LETTER ISSUED BY
CURRENT PERTAMINA BOARD OF COMMISSIONERS WHICH LISTS
PARTICULARS OF 25 VESSELS THAT WERE CONTRACTED DIRECTLY
BY IBNU. LETTER STATES, INTER ALIA, "NO APPROVAL WAS
OBTAINED FOR THE MAKING AND EXECUTION OF THE FOLLOWING
HIRE PURCHASE CONTRACTS AND LONG-TERM CHARTERS OR FOR
ANY OF THE SUBSTANTION (SIC) MODIFICATIONS THERETO
WHICH INCREASED THE AMOUNTS WHICH WOULD BE PAID THERE-
UNDER." LETTER THEN LISTS NAMES, DATES OF CONTRACTS,
AND CHARTER PARTIES FOR TWENTY-FIVE VESSELS. (COPY
BEING SENT TO EA/IMS.) SIX VESSELS ARE CHARTERED
WITH RASU MARITIMA SA (ALL CONTRACTS WERE DATED
8-23-73) AND TWO ARE WITH INTERMARITIME.

4. ACCORDING TO SADLI, TOTAL DEBT ON THESE VESSELS
ACCOUNTS TO \$3.3 BILLION WHICH IS FIGURE MENTIONED IN
HIS MAY 20 SPEECH BEFORE INDONESIAN PARLIAMENT. MIN-
ISTER SAID THIS FIGURE REFERS TO TOTAL FACE VALUE OF
ALL CONTRACTS AND ASSUMES NO RENEGOTIATION. SADLI EX-
PLAINED THAT FIGURE OF \$1.9 BILLION IS AMOUNT OF
ACTUAL "IOU'S" CURRENTLY OUTSTANDING; HE EMPHASIZED
THAT IT WAS IMPORTANT TO DISTINGUISH BETWEEN THE TWO
FIGURES.

5. WOULD APPRECIATE DEPARTMENT'S VIEW AS TO RELATION-
SHIP GOI POSITION ON TANKERS TO "DEFAULT CLAUSE" IN
TWO MORGAN GUARANTY SYNDICATE LOANS OF JUNE AND
SEPTEMBER 1975. GALBRAITH'S OBSERVATION, WE BELIEVE,
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RELATES TO THIS POINT.
NEWSOM

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